

TRANSITION TO NATIONWIDE FAQ

1: My beneficiary election from Prudential is not reflected when I log into my account at Nationwide. Where is my beneficiary information?

Because of file formatting issues, some beneficiary information was not transferred from Prudential to Nationwide. Plan staff is currently auditing participant information and working with both Prudential and Nationwide to upload missing beneficiary elections to participant accounts.

2: I received my April 1, 2017 to June 30, 2017 statement from both vendors and noticed the balance transferred to Nationwide is larger than the balance that was transferred out from Prudential. Why is there a difference?

Nationwide accrues daily dividends for some bond and stable value funds. Throughout the blackout period, Nationwide accounted for these dividend accruals and these additional amounts are included in the Nationwide statement. The daily accrual is not part of Prudential's normal business practices so it is not reflected on the final Prudential participant statements.

3: What is the explicit fee that appears on my statement from Nationwide?

Plan expenses are allocated on a proportional basis to each Plan participant based on their account balance at the end of each month. The charge is currently 0.14%. For example, a participant with an account balance of \$10,000 will pay \$14 per year. One-twelfth of these expenses are allocated monthly – or \$1.70 for an account balance of \$10,000. The amount of the charge may go up or down in future years depending on the Plan's overall expenses, total amount of assets under management, and the number of participants.

4: What is revenue sharing? And what about it just changed?

All mutual funds have an expense ratio which is an annual fee charged to individual shareholders. Some mutual funds return a portion of the fees collected back to the plan, based on historic industry practice. The portion returned to the plan is revenue sharing. Currently 9 funds on the plan's investment menu provide revenue sharing.

With the move toward increased fee transparency, revenue sharing is now being credited back to individual participants, instead of being returned to the plan. Participants who hold a fund that provides revenue sharing will receive that fund's credit since the fund company has already collected the fee via their expense ratio. Non-shareholders of a fund that provides revenue sharing will be excluded from the revenue sharing account credit.

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5: When will revenue sharing credits be deposited to participant accounts?

Revenue sharing credits will be deposited into participant accounts quarterly by the end of April, July, October, and January. Due to the timing of the transition, revenue sharing credits are not included in the 2nd quarter 2017 statement from Nationwide. Participants will see revenue sharing on their 3rd quarter statement, which should be issued at the end of October.

6: How secure is my information and account with Nationwide?

As part of the competitive bid process, Seattle IT and the Trust Committee evaluated Nationwide's system security, confidentiality, and privacy practices. Nationwide's security measures are stronger than those previously in place. One of the improved practices includes assigning each eligible employee a unique ID number upon plan eligibility. This practice is an additional security step to prevent plan accounts from fraudulently being accessed. Nationwide security measures have been vetted by the Deferred Compensation Staff, plan legal counsel, and Seattle IT.

7: Why did I receive a Welcome Letter in early June? Why is my information being shared with Nationwide even though I have not enrolled into the plan?

We understand the confusion of getting an account letter when you haven't invested any money in the Plan. Because the Deferred Compensation Plan is a benefit available to all employees, employee information is shared with our plan vendor so employees can enroll accurately and seamlessly via the web as soon as possible. The practice of setting up basic accounts is a continuation of an existing practice with Prudential. Even though a Welcome Letter has been sent, you are not enrolled into the Plan and no deductions are being taken. The basic account set up for you will lie dormant unless you make an affirmative enrollment choice to set up contributions. Dormant basic accounts will not receive any further correspondence.

Because of increased transparency and security, Nationwide mailed all employees – participants and non-participants – a Welcome Letter. This letter includes a unique ID number which is a critical piece of information that allows you to securely access your account or enroll into the plan.